

1996 Commodity Exports from Montana
Executive Summary

In 1996 \$1.2 billion dollars worth of product was exported from the state of Montana to foreign destinations. In terms of industrial groupings, ***agricultural products*** accounted for a majority share of the state's exports at \$850.2 million, while ***manufactured products*** accounted for next largest share at roughly \$309.1 million. ***Mineral, forestry, and miscellaneous products*** exports accounted for the final portion of the state's exports with nearly \$84.2 million in sales.

Among the state's major export commodities, shipments of ***wheat and wheat products*** accounted for the bulk of Montana's export sales with \$746.1 million in recorded revenue. Sales of ***primary metals*** were a distant second at \$88.4 million. These two commodity groupings were followed by ***industrial machinery & computer equipment*** with \$76.2 million, ***chemicals and allied products***, \$57.2 million; ***feed grains & products***, \$56.9 million, and ***metal ores*** at \$32.3 million.

In 1996 Montana's top markets for manufactured products were ***Canada***, \$119.3 million; ***Japan***, \$35.6 million; ***Mexico***, \$33 million; ***Belgium***, \$32.1 million, and ***Germany*** with \$14.9 million. Shipments of mineral products followed a similar line with the bulk of Montana's exports going to ***Canada*** at \$26.5 million and ***Japan*** with \$8.1 million. ***Taiwan, Korea*** and the ***Netherlands*** rounded out the top five with imports of \$1.3 million, \$1.2 million and \$744,036 respectively.

Limitations in the data generated by the United States Department of Agriculture hinder the presentation of a similar market analysis of Montana's agricultural exports. Nonetheless, data assembled by the Montana Wheat and Barley Committee indicate in 1996 Montana's leading markets for its wheat exports were ***Japan***, the ***Republic of the Philippines***, ***South Korea***, and ***Taiwan***.

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Technical Notes

aa) Sources of Data

The state of Montana utilizes data generated by the Massachusetts Institute for Social and Economic Research (MISER) and the U.S. Department of Agriculture to track Montana's export performance. The above summary was compiled using 1996 calendar-year statistics.

bb) MISER data - general

The Massachusetts Institute of Social & Economic Research (MISER) cautions subscribers to its database to utilize MISER data with special care as they "are estimates that depend heavily on experimental algorithms, are made based on assumptions of consistency and uniformity, and can be misinterpreted or misleading."

cc) MISER data - manufactured exports

MISER reports record export data in two ways---by "point of origin" and "zip code." The Point of Origin data series record export transactions by the state from which the commodity being exported began its export journey. Origin data, therefore, do not necessarily show where exports were grown, mined, or manufactured. The Zip Code data series record export transactions by the location of the exporter. The findings presented in this summary are based on MISER's Point of Origin data series for 1996. The state utilizes this data series because we believe it presents a more accurate reflection of the manufacturing sector's export activity.

dd) MISER data - agricultural exports

While MISER reports provide our most accurate data concerning manufactured exports, they tend to dramatically understate the value of agricultural exports from inland states such as Montana. The reasons for this problem basically stem from two facts:

- (1) exporters typically report the state where the exporting establishment is physically located as the state of origin for cargo being exported.
- (2) in cases where merchandise is exported by vessel, shippers tend to report the state where the port is located as the state of the origin of the cargo.

The Massachusetts Institute For Social and Economic Research found that "mixed reporting" errors are most noticeable for shipments of commodities like *grain* and coal with the effect that these reporting errors tend to understate the exports of inland states and overstate the exports of states that ship bulk cargo abroad. The Institute concluded that analysts looking at agricultural export statistics might better be served by consulting the U.S. Department of Agriculture's research report: Foreign Agricultural Trade of the United States.

For these reasons, the state of Montana utilizes export statistics compiled by the United States Department of Agriculture to track Montana's agricultural exports.